

MULTI YEAR BUDGET PROJECTION

Included in the school budget proposal is a projection of the school budget over a five year period. The projection model serves as a tool to examine various revenue assumptions over time and to compare the assumptions to projected expenditures for the school district. Not as detailed as the full budget proposal, the forecast is based on the current year (FY17) level of spending and the School Committee Approved Budget for FY18 in order to show the expected trends through FY22.

The FY18 City allocation for the Newton Public Schools is based on a 3.9% increase. This 3.9% increase includes actual and estimated costs for all collective bargaining contracts. The current multi-year forecast conservatively assumes a 3.4% budget increase for FY19 and 3.5% increases in FY20 through FY22. This is based on revenue projections from the City of Newton.

In FY16, the Newton Public Schools settled three-year contracts with the Newton Teachers Association (NTA) and the Newton Educational Secretaries Association (NESA). The new teacher contract includes raising individual step increases slightly, increasing the entry level salary, decreasing the number of steps needed to reach the highest step, cost of living increases for each year, and a variety of changes to non-salary related contractual language items. The forecast reflects actual costs for the new contracts through FY18, as well as the effect of a mid-year cost of living increase in FY18 and continued step increases through FY22.

The FY18 budget was particularly challenging with significant increases in a number of fixed cost areas including transportation (both regular and special education), mandated special education costs, and health insurance and all benefits resulting in an initial budget gap of \$2.8 million. This gap was eventually reduced through a number of measures including a \$1.2 million reduction in health insurance costs due to a planned one-time health insurance holiday in FY18. The health holiday savings allowed for a number of add backs to the budget, but the savings will need to be re-funded in FY19, creating a future budget challenge.

For FY19 to FY22, the projection shows that funds will be available for staffing, enrollment and budget adjustments, but does not make any assumptions as to how these funds will be spent or if they will be sufficient to address future district needs. The scope of these decisions will include future contract negotiations, district-wide staffing levels, enrollment increases and class size, breadth and type of program for regular and special education, curriculum and professional development priorities, and types of support systems ranging from technology to facilities.

**Newton Public Schools
Multi Year Budget Projection - FY17 to FY22**

Multi Year Budget Projection Description	FY17 Budget	FY18 Budget	% Budget Increase	FY19 Budget	% Budget Increase	FY20 Budget	% Budget Increase	FY21 Budget	% Budget Increase	FY22 Budget	% Budget Increase
Revenue											
Target Budget Amount	\$211,177,825	\$218,569,049	3.5%	\$226,702,763	3.3%	\$234,637,360	3.4%	\$242,849,668	3.4%	\$251,349,406	3.4%
Additional Chapter 70 Funding from City	\$0	\$467,437		\$0		\$0		\$0		\$0	
Additional Funding from City for Transportation	\$0	\$400,000		\$264,640		\$280,300		\$282,460		\$281,380	
Total Budget Amount	\$211,177,825	\$219,436,486		\$226,967,403		\$234,917,660		\$243,132,128		\$251,630,786	
Target Budget Increase		\$8,258,661	3.9%	\$7,530,917	3.4%	\$7,950,257	3.5%	\$8,214,468	3.5%	\$8,498,658	3.5%
Budget Calculation											
Portion of Total Budget Increase											
Compensation and Employee Benefits											
Annual Step Increases	\$3,424,785	\$3,426,329	1.6%	\$3,496,899	1.5%	\$3,585,231	1.5%	\$3,675,507	1.5%	\$3,675,507	1.5%
Level Changes or Transfers to Higher Training	\$660,000	\$660,000	0.3%	\$660,000	0.3%	\$660,000	0.3%	\$660,000	0.3%	\$660,000	0.3%
Annual Turnover Savings	-\$2,175,000	-\$2,175,000	-1.0%	-\$2,175,000	-1.0%	-\$2,175,000	-1.0%	-\$2,175,000	-0.9%	-\$2,175,000	-0.9%
Salary Steps, Level & Turnover	\$1,909,785	\$1,911,329	0.9%	\$1,981,899	0.9%	\$2,070,231	0.9%	\$2,160,507	0.9%	\$2,160,507	0.9%
Cost of Living Increase (COLA) %											
Total Cost of Living Increase (COLA)	\$2,796,745	\$552,004	0.35%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Benefits Increase (includes health holiday savings in FY18)	\$861,517	\$2,686,364	1.2%	\$1,883,352	0.8%	\$1,977,113	0.8%	\$2,076,571	0.8%	\$2,076,571	0.9%
Total Compensation Including Benefits Increase	\$5,568,047	\$5,149,697	2.3%	\$3,865,251	1.7%	\$4,047,344	1.7%	\$4,237,077	1.7%	\$4,237,077	1.7%
Expense Increases											
Utilities Rate Increases	-\$6,538	\$284,581		\$301,656		\$319,755		\$338,940		\$338,940	
All Other Expense Rate Increases (Including Tuition and Transportation)	\$1,880,580	\$1,535,030		\$1,617,176		\$1,704,001		\$1,795,780		\$1,795,780	
Expense Offsets Increase/Decrease (Including Circuit Breaker at 70%)	-\$449,786	-\$324,356		-\$343,817		-\$364,446		-\$386,313		-\$386,313	
Increase Due to Loss of Circuit Breaker Carryforward	\$664,729	\$0		\$0		\$0		\$0		\$0	
Total Expense Increases	\$2,088,985	\$1,495,255	1.0%	\$1,575,014	0.7%	\$1,659,309	0.7%	\$1,748,408	0.7%	\$1,748,408	0.7%
Staffing, Enrollment and Budget Adjustments											
Enrollment (November 2016 Projection)											
Total Newton Public Schools	FY17 Projected 12,657	Enrollment Change 12,787	130	Enrollment Change 12,824	37	Enrollment Change 12,883	59	Enrollment Change 12,918	35	Enrollment Change 12,977	59
Total Staffing, Enrollment and Budget Adjustments		\$601,629	0.3%	\$885,964	0.4%	\$2,509,992	1.1%	\$2,507,814	1.1%	\$2,513,173	1.0%
Total Budget Increase	\$8,258,661	\$8,258,661	3.9%	\$7,530,917	3.4%	\$7,950,257	3.5%	\$8,214,468	3.5%	\$8,498,658	3.5%
Total Budget	\$219,903,820	\$226,967,403		\$234,917,660		\$243,132,128		\$251,630,786		\$251,630,786	
Final Budget Increase	\$8,258,661	\$8,258,661	3.9%	\$7,530,917	3.4%	\$7,950,257	3.5%	\$8,214,468	3.5%	\$8,498,658	3.5%
Target Budget Increase (from Top)	\$8,258,661	\$8,258,661	3.9%	\$7,530,917	3.4%	\$7,950,257	3.5%	\$8,214,468	3.5%	\$8,498,658	3.5%
Budget Gap from Target Increase	\$0	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Cumulative Budget Gap		\$0		\$0		\$0		\$0		\$0	

Assumptions: Health rates increase at 4% in FY18 and 5% in FY19 through FY22. Dental insurance increases at 4% in FY18 through FY22. OPEB contribution (Other Post Employment Benefits) rate is set at 3.25% for all years. Medicare increases at 5%. Unemployment decreases in FY18 and then remains level-funded. Expenses increase at 2.5% except for utilities (6% in FY19 through FY22) tuition (6%), and transportation (22% for FY18 and 6% FY19 through FY22).

Additional: A one-time health insurance holiday is included in FY18 with savings of \$1,200,000; this amount needs to be re-funded in FY19.